

**Economic Impact Statement**

LSA Document #09-197

**IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses****Estimated Number of Small Businesses Impacted by this Rule:**

The Department estimates that approximately 300 small businesses will be impacted by this rule. The estimate is based on the approximately 244 certified tax representatives and approximately 40 professional appraiser groups in the state that will be required to achieve Level Three Assessor-Appraiser certification by December 31, 2013.

**Estimated Average Annual Administrative Costs That Small Businesses Will Incur:**

The Department estimates that small businesses will incur very minimal additional administrative expenses resulting from compliance with this rule. Individuals who desire to receive credit for the successful completion of a course required by the rule must simply report and document the successful completion by fax to the Department.

**Estimated Total Annual Economic Impact on Small Businesses:**

The total cost of achieving Level Three certification is approximately \$2,000 per student. That total cost is based on an approximate \$400 per course cost multiplied by the five required courses. The Department estimates that the total economic impact to small business is approximately \$568,000 to achieve Level Three by December 31, 2013. The total cost estimate is most certainly much higher than the actual costs going forward because many of those required to achieve Level Three have already taken all or most of the required classes as part of continuing education for their Level Two. Once an individual or professional appraiser group has achieved Level Three certification, continuing education classes may be attended free of charge through the Department's contract for same with Brilljent. Please note that certified Level One assessor-appraisers are required to complete 30 continuing education hours within a two year cycle and certified Level Two and Three assessor-appraisers are required to complete 45 continuing education hours within a two year cycle. That requirement is not, however, a new addition to this rule.

- Justification: [IC 6-1.1-35.5-4.5](#) requires the Department to design a curriculum for Level Three assessor-apraiser certification that consists of tested courses offered by nationally recognized assessing organizations and requires superior knowledge of assessment administration and property valuation concepts. Thus, based on the nationally recognized standards on professional development of the International Association of Assessing Officers (IAAO), in order to be considered a minimally qualified real property appraiser, the IAAO lists, among other classes, Course 101 "Fundamental of Real Property Appraisal", Course 102 "Income Approach to Valuation", Workshop 151 "Standards of Practice and Professional Ethics" and lists Course 300 "Fundamentals of Mass Appraisal" as "desirable". The IAAO also lists Course 400 "Assessment Administration" as a "minimum" for a real property appraiser. (Source: Standard on Professional Development-Approved December 2000 by the International Association of Assessing Officers.) The foregoing are the five classes the Department requires for Level Three certification. These courses meet the requirements of the statute and the nationally established standards. The rule also requires tax representatives to achieve Level Three certification by December 31, 2013. This is necessary because these nonattorney, tax representatives act in a representative capacity, on behalf of other taxpayers, before administrative tribunals. Requiring Level Three competence is imperative to help ensure proper representation and avoid a miscarriage of justice. In addition, the rule requires that professional appraisers achieve Level Three certification by December 31, 2013. This is necessary because professional appraisers, pursuant to contract, stand in the stead of county assessors in the performance of assessment related work. Thus, it is also imperative that these individuals achieve Level Three competence, especially in light of the [IC 3-8-1-23](#) requirement that a candidate for county assessor for an election after January 1, 2012, must be a Level Three certified assessor-apraiser.
- Supporting Data, Studies, and Analyses: The Department used its database to determine the number of certified tax representatives and professional appraisers in the state. The Department used the approximate per course price the IAAO charges the Department to determine the approximate total cost of achieving Level Three certification. The Department used the IAAO "Standard on Professional Development", December 2000, to determine the courses required to achieve the statutorily mandated level of competence.

**Regulatory Flexibility Analysis of Alternative Methods:**

The purpose of the rule is to carry out the legislative mandate to elevate the competence level of assessing officials and those who represent assessing officials and the tax paying public. Based on the statutory requirements for the Level Three curriculum, and the statutory requirements for candidates for assessor in elections after January 1, 2012, there really is no regulatory flexibility, and neither less stringent nor more

simplified requirements will achieve the goal set by the legislature.

- Supporting Data, Studies, and Analyses:

The Department is required to regulate assessors and appraisers, by rule, under [IC 6-1.1-35.5](#). The Department relied upon analysis of the goal of the legislature to improve the competence of the assessment community, and the nationally accepted standards for the assessment community based on the IAAO "Standard on Professional Development", December 2000, to determine the requirements for the rule.

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